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RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
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STATE PASS TO COMMERCE ART STERN AND MICHAEL DIPAULO-COYLE

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E.O. 12958: N/A

TAGS: [PREL](#) [CVIS](#) [ETTC](#) [KFPC](#) [ETRD](#) [ESTH](#) [BEXP](#) [EIND](#) [IN](#)
SUBJECT: INDIAN AEROSPACE ORGANIZATIONS TIE "RESTRICTIVE" LICENSING
AND VISA PROCEDURES TO MRCA

¶11. (SBU) Summary: High-level representatives of the Indian Space Research Organization (ISRO) and Hindustan Aeronautics Limited (HAL) recently complained to us about delays in receiving visas and in obtaining export licenses for equipment purchased from the United States. HAL told us that it will play the lead role in evaluating bids for the Indian Air Force's (IAF) recent tender for the multi-role combat aircraft (MRCA). Both Boeing and Lockheed Martin will compete for this USD 10.4 billion contract, reportedly the world's most lucrative defense sales contract since the 1990s. Local perceptions that U.S. export controls and visa rules unnecessarily restrict the business operations of these elite Indian institutions may hamper U.S. companies' chances of winning this contract. End Summary

HAL lets us know what's at stake

¶12. (SBU) Consulate General staff visited HAL on August 30 and spoke with Ashok Nayak, a HAL board member and Managing Director of its Bangalore Headquarters. (Note: HAL is a government-owned company that designs and produces aircraft for India's military. End Note.) Nayak said HAL was growing increasingly frustrated with the unpredictability of the U.S. export licensing system. He complained that some orders received licenses quickly while others languished, disrupting HAL's assembly lines. "This is no way to run a business," he said.

¶13. (SBU) Nayak also complained about delays in issuing visas to members of his staff who need to make business trips to the United States on short notice to meet with HAL's partners. He mentioned two staff members who are currently waiting for a visa to conduct urgent business in Houston. (Note: Nayak was referring to delays associated with VISAS MANTIS security advisory opinion (SAO) procedures -- required of practically all HAL employees -- not delays in obtaining interview appointments. We asked Nayak to e-mail Consulate Chennai the names of these applicants. After not hearing from Nayak for nearly a week, we contacted his staff, who told us that there were no pending visa applications for HAL employees. End Note.)

¶14. (SBU) Nayak, armed with talking points carefully laid out in front of him, emphasized that HAL will play the key role for the Indian government in assessing the MRCA bids. While unfailingly polite, he was not interested in hearing our explanations about the complexity and time-intensive work that goes into processing visas and export licenses. (Note: As if to emphasize how he believes "strategic partners" should treat each other, he ordered the literal red-carpet treatment for us as we visited the production lines for

both fixed- and rotary-wing aircraft at HAL's Bangalore complex.
End Note.)

ISRO has other options, too

¶ 15. (SBU) We also met with Jacob Ninan, the Director of International Cooperation for ISRO, India's version of NASA. During our August 28 meeting, Ninan also complained about delays in obtaining export licenses for electronic components used on satellite systems. He said that ISRO considered the delays and unpredictability of license issuance as a "broken commitment" on the part of the USG. He said that the "Next Steps to Strategic Partnership" agreement clearly laid out a framework that ensured expeditious clearance, but ISRO saw no changes on the ground. He also said that ISRO had a commercial launch services agreement (CLSA) with the EU, and asked, "Why did the U.S. Trade Representative kill our CLSA with the United States?" Ninan said that the USG "needs to know us better," which would make U.S. institutions more comfortable in working with their Indian counterparts and facilitate the issuance of export licenses.

Comment

¶ 16. (SBU) HAL's Nayak did not directly link his complaints with the MRCA tender, but his message was clear: "partners" do not treat each other like this. Both HAL and ISRO feel that they ought to be seeing more benefits from the deepening U.S.-India relationship and are irked that they are still being treated like everybody else. Nayak may also bear something of a personal grudge against the visa-processing system, as he had to wait for a couple of weeks for his SAO to come through when he applied for a visa two years ago. Contacts tell us he took this delay as a personal slight (even though the adjudicating officer explained the situation and the

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procedures involved).

¶ 17. (SBU) We recognize that there is little chance that either visa or export control procedures can (or should) be altered because of these complaints, but we need to be aware that these important Indian institutions believe that they should be treated differently than in the past. We also need to remain aware of these perceptions as the bidding process for the MRCA begins in earnest, as these perceptions are likely to impact bidding U.S. companies Boeing and Lockheed Martin as well as other U.S. businesses seeking defense, technology, and aerospace deals. We should look for other ways to engage HAL and ISRO to demonstrate our recognition of the talents of these elite institutions, perhaps by encouraging reciprocal visits.

HOPPER